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In one month I'll have been in Washington for a full year. When I came to Washington last January 15 to take on the job of Deputy Secretary, snow was on the ground and tractors were in the snow.

Well, last winter's snows are long gone now, and I think that even the last tractor has left the Mall.

I thought I knew a good deal about two things before I went to Washington. I thought I knew a lot about agriculture and government. But agriculture to me was citrus and cattle. And government was Florida.

I've learned quite a bit more this past year.

My inclination is to say that a lot has happened to American agriculture in 1979. But I think the real truth is that a lot has happened to the nation in 1979 and agriculture's influence has become apparent.

Talk about the oil situation and inflation, for example, and you've got to talk about American agriculture. It's the one redeeming sector of the economy with a net contribution of \$16 billion to the national balance of payments.

Talk about productivity and you've got to talk about American agriculture. Farm output per person-hour is increasing faster than output in the nonfarm sector.

Talk about employment and you've got to talk about American agriculture. Our 125 million tons in 1979 agricultural exports translate into jobs for 1.6 million U.S. workers in farm and nonfarm employment.

Remarks prepared for delivery by Deputy Secretary Jim Williams, before the National Farmers Organization annual convention, Kansas City, Missouri, December 12, 1979

Or talk about world cooperation and again you've got to talk about American agriculture. The \$4 billion in agricultural concessions achieved by the administration in the Multilateral Trade Negotiations mark the first time that the nation's number one industry has been so recognized in this international forum.

I've learned a good deal about national agricultural statistics this year and I'm tempted to talk about all the figures that look so good on the flow charts: 1979 net farm income--up; cash receipts from sales of a record crop and near-record livestock production--up; off-farm income--up; continued soaring export growth; and appreciated farmland values.

But since I've been with this administration, I've learned something that goes beyond the statistics, the graphs, and the flow charts. So, if I were to tell you just the good news about American agriculture--and there is much to be proud of--I'd do you a disservice...and I'd fall short of the leadership standards set by this administration.

President Jimmy Carter demands of himself--and of us--facts in context, an historical perspective, studied analysis, and carefully deliberated, independently-reached judgment.

This is not a novel philosophy of government. But in the past it is one that has been sacrificed far too often to the politically expedient.

When British statesman Edmund Burke was elected to the Parliament of the city of Bristol in 1774, he set out what he considered the relationship between a member of Parliament and his constituents.

"Certainly gentlemen," Burke said, "it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion, high respect; their business, unremitting attention...(But) your representative owes you, not his industry only, but his judgment..."

This year I have observed good government based on just such reasoned judgment. I have observed the effectiveness of a political philosophy that seeks the peoples' best interests first; and popular acclaim second.

Since January 1977, President Carter has premised his entire administration on this kind of considered opinion and has carried it right through to the current Iranian crisis.

Bob Bergland told me that when he took office in January 1977, President Carter said that he envisioned nothing less than a total national and global food and agriculture policy. Under Secretary Bergland, USDA developed a policy that stabilized the food and fiber supply, and built export demand right into the U.S. farm production system. Through the reserve program, we gave farmers the flexibility to step into export markets when prices are to their advantage.

Farmers are doing just that right now. Through November 20 they had redeemed 435 million bushels of the total 1303 million bushels of grain from the farmer-owned reserve. They had released 174 million bushels of wheat to domestic and export markets. We have told the Soviets that they can buy up to 25 million metric tons of corn and wheat through September 1980.

It's impossible to overestimate the importance of exports to farmers and to the national economy. We now export about 33 percent of our corn, 40 percent of our soybeans, and two-thirds of our wheat.

It's largely because of this continuing growth in farm exports that crop prices have strengthened in the face of record production. These strong prices, in turn, have bolstered farm income in 1979.

Agricultural exports hit a record \$32 billion in 1979. We project exports to increase by almost 20 percent in value in 1980 to about \$38 billion and about 16 percent in volume. Shipments of wheat, feed grains, and soybeans, our leading export commodities, may total more than 130 million tons, compared with 112 million in 1979.

These export dollars are vital to offsetting our rapidly growing deficit in non-agricultural trade. We must improve the total U.S. trade balance, which was in deficit by about \$23 billion in 1979. This puts added pressure on the United States to maximize its agricultural export potential.

We need those agricultural dollars to buy imports--especially oil--demanded by our industrial society.

Since 1973, the U.S. has increased its dependence on foreign oil by nearly 50 percent. We're now importing about eight million barrels per day.

I want you to know that the Carter administration understands that encouraging our farmers to increase their phenomenal export growth to pay for that oil isn't enough. Our farmers, and those who handle and market agricultural commodities, can't do this alone. They must be supplied with critical inputs like transportation and energy.

In the last decade, farm output per person-hour has increased at about three times the rate of increase in non-farm industries. I want you to know that the Carter administration doesn't regard your increasing productivity in terms of how the rest of society can benefit. And that means 95 percent of the population. We want to help you.

I saw a cartoon recently, called "Dunagin's People," in which two blue-collar workers, lunch pails in hand, are going to work. One says to the other: "If American productivity is on the decline with a normal work week, then it should decline slower with a shorter work week."

Well, you don't have the option of a shorter work week, my friends, and we know that. Agricultural productivity may be on the rise, but it's not because farm workers are working shorter weeks.

You work these long hours because you're absolutely unwilling to give up farming as a way of life.

We salute you and applaud you. But with land and production costs catching so many young farmers in a vicious cost-price squeeze, applause isn't enough. We know that. That's why we're trying to do something more.

Bob Bergland, as you know, is now in the third week of ten hearings across the nation on the structure of American agriculture.

Our dialogue--I'd be more precise to say your dialogue because USDA is really providing the framework for nationwide comment--is not a policy statement. It is a statement of concern about trends within American agriculture and a statement of willingness to change policy to change those trends--if that is the national dictum-- while we still have the chance to do so.

The Secretary's comments on the study reflect this administration's deliberate approach to a complex and many-faceted issue.

Secretary Bergland has said that the study should prove unique in several ways: "First, it will give us time--nearly two years before the farm bill of March 1981--to review, discuss, and debate in a studied, rational atmosphere, the forces that are shaping American agriculture. It will give us time to think things through. And time isn't a luxury we're accustomed to in the passage of farm bills.

"And second, it will be comprehensive in the range of questions that will be asked and alternatives that will be considered."

The structure study may lay the groundwork for making conscious choices in a traditionally reactive agriculture.

I can tell you tonight that no one in the hearings has yet come out against the family farm. But Secretary Bergland has already heard many different opinions on what constitutes the family farm problem.

In Sioux City, Iowa, last week, for example, one witness said chronically low farm prices and income aggravate all other farm problems.

Another speaker said the price of land is "always too high," and that only the government can help the family farm by controlling inflation.

A third witness discussed the cultural values associated with small and moderate-sized farms and the contributions that family values have made to the American character.

Willis Rowell, on behalf of the National Farmers Organization, said that the structure study must center on the issue of land ownership. He expressed the NFO's concern about barriers to entry into farming and their impact on young people who want the time-honored chance to own and operate their own farms.

I was pleased to hear DeVon Woodland and the NFO leadership express this same concern to President Carter last week at the White House. I can assure you that the President understands the plight of young farm couples and wants the many parts of the "barriers" problem defined so choices can be made.

Soaring land values are a tremendous barrier to entry into farming. Land prices have tripled since 1967, increasing at an average annual rate of 17 percent. Land is now inflated to two-to-three times its income-producing value.

I don't have to tell you that among parties bidding up the price of land are the large-scale farmer and the non-farm investor. I don't need to tell you either that traditional government programs and policies--such as price support, tax, and credit--may no longer be serving their original purpose and may actually be working against the family farmer.

That's why Secretary Bergland questioned Mr. Rowell and others so intensely on the degree to which the government should be involved in risk-sharing.

The Secretary asked what he called "a very real question: How far should the government go in limiting risk-sharing with large enterprises? Should the government continue to support big farms?"

In 1978, commodity program payments, for example, came to \$2.03 billion. Because they are based on volume of production, these payments benefit big producers more than small. Only 10 percent of the farms participating in the programs got nearly half the total payments. They were the largest farms. The smallest farms, those making up half the total, got only 10 percent of the payments.

This administration appreciates the fact that the NFO doesn't look to the government for guaranteed profit levels. We appreciate your participation in the structure hearings, interest in the family farmer, and your determination to give that same family farmer some power in the marketplace through collective bargaining.

We recognize, as you do, that producing, marketing and distributing farm products are different from producing and distributing any other commodity in our economy.

It is because of this belief--let me make that even stronger--this conviction, that this administration is upholding the Capper-Volstead Act without statutory modification.

Let me read you an excerpt from a letter to the Editor of the New York Times:

"Dear Editor,

The values of farm products have been destroyed and the great purchasing power, which is the measure of our national prosperity, has been so depleted that there is no hope for a return to 'normalcy' until there has been a leveling down to the value of farm products or a lifting up of the farm product values to the level of commodity prices.

"There are thousands of farmers in America who have grown good crops this year and have not earned a fair wage--have not earned enough to pay the interest on their mortgage and the taxes on their land.

"...agriculture, the greatest of all businesses, the one upon which the whole country depends for its prosperity, is down and out..."

Signed: John N. Dyer
Vicennes, Indiana

The dateline on that issue of the New York Times was Sunday, January 1, 1922...the same year that Senator Arthur Capper and Representative Andrew Volstead convinced fellow congressmen that farmers needed a mechanism to organize and improve their bargaining power.

And nothing has changed.

The economic imbalances persist.

We believe that the advantages given farmers in 1922 are more important now than they have ever been for the survival of the family farm.

That's why, in presenting testimony in July 1978 before the Antitrust Review Commission, Secretary Bergland said: "My own view, I believe well supported by history, experience, and research, is that the Capper-Volstead Act and our marketing order system are in no need of statutory modification.

"Actions to modify these agricultural provisions may be intended to increase competition, but they may in fact weaken competition. The buyers' side of the agricultural product markets has gained tremendous strength because of buyers' size. But the producers' side is still made up of individual farmers. Their only realistic hope of some equity in the market is effective cooperation."

President Carter and Secretary Bergland agree that the enforcement of the undue price enhancement provisions of the Capper-Volstead Act should remain with the Secretary of Agriculture. Because these provisions represent an important responsibility, the Secretary has formed a unit within USDA to monitor activities under Section 2 (undue price enhancement) of the Act.

I believe, as do President Carter, Vice President Mondale, and Secretary Bergland, that the factors originally pointing up the need for the Capper-Volstead Act still exist. The fact that the bargaining position of a few large producer organizations is stronger than it was 40 or even 10 years ago doesn't change the inherent instability that still characterizes farmer marketing and the parallel increase in bargaining power elsewhere in the economy.

This administration believes that this approach--a reasoned, historical perspective--is the only approach to an article of legislation as crucial to the family farmer as the Capper-Volstead Act...as it is the only approach to a subject as vital to the national well-being as American agriculture.

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